

Message Text

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ACTION EUR-12

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COME-00 EB-07 EA-06 FRB-03 INR-07 NEA-09 NSAE-00

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TAGS: ETRD, OECD, FR, EFIN

SUBJECT: FRENCH CREDIT MEASURES TO PROMOTE EXPORTS

REF: A. STATE 96205

B. OECD PARIS 9976

1. DESPITE OUR SEVERAL APPROACHES TO FRENCH DEL AND APPARENT GOF AGREEMENT TO ARRANGING CONSULTATIONS ON FRENCH CREDIT MEASURES IN COUNCIL, FRENCH AMBASSADOR VALERY TOLD US JUST BEFORE MAY 9 COUNCIL MEETING THAT HE WAS STILL NOT PREPARED TO ACCEPT SUCH CONSULTATION. HE REITERATED OPPOSITION TO CONSULTING UNDER TRADE COMMITTEE AND SAID FURTHERMORE THAT HE FELT NO SPECIAL ARRANGEMENT (E.G. AD HOC COUNCIL WORKING PARTY) WAS APPROPRIATE FOR CONSULTATIONS, GIVEN MARGINAL RELEVANCE TO EXTERNAL FACTORS (TRADE). HE INDICATED THAT AT THIS POINT HE WOULD ONLY BE ABLE TO REFER MATTER TO HIS GOVERNMENT AND THAT VIEWS OF OTHER OECD COUNTRIES WOULD BE FACTOR IN HIS RECOMMENDATION AND PROBABLY IN FRENCH RESPONSE.

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2. IN VIEW OF THIS REACTION, WE DEFERRED RAISING MATTER AS WE HAD PLANNED IN COUNCIL MAY 9. HOWEVER, AT END OF COUNCIL MEETING VALERY ANNOUNCED THAT HE WOULD BE MAKING STATEMENT ON SUBJECT OF FRENCH CREDIT MEASURES AT COUNCIL MEETING NEXT TUESDAY, MAY 13. WE WERE INFORMED PRIVATELY THAT VALERY HAD BEEN INSTRUCTED TO MAKE SUCH STATEMENT TWO WEEKS AGO. DIRECT CONNECTION, IF ANY, WITH US INITIATIVE FOR CONSULTATION IS UNCLEAR, BUT WE FIND IT CURIOUS IN VIEW OF FACT THAT FRENCH MADE STATEMENT INDICATING INTERNAL NATURE OF MEASURES IN COUNCIL IN JANUARY IN RESPONSE TO EARLIER UK INITIATIVE FOR CONSULTATIONS IN RELATION TO TRADE PLEDGE.

3. FRENCH STATEMENT MAY 13 WILL PROVIDE NATURAL OPPORTUNITY FOR US TO PUT FORWARD PROPOSAL FOR CONSULTATION UNDER COUNCIL, AND WE INTEND TO DO SO. WE WILL USE INTERVENING TIME TO SEEK AGAIN SUPPORT OF OTHER DELEGATIONS FOR CONSULTATION PROPOSAL, THOUGH WITHOUT GREAT HOPE OF SUBSTANTIAL RESULTS IN VIEW OF OUR EARLIER SOUNDINGS (REF B). IN ANY CASE WE DOUBT THAT WE WILL GET DEFINITIVE GO/F RESPONSE TO COUNCIL WORKING PARTY PROPOSAL WITHOUT PUTTING IT FORMALLY TO COUNCIL; ALTHOUGH GO/F ECONOMIC AFFAIRS OFFICIALS OF MINISTRY OF ECONOMICS AND FINANCE HAVE AGREED TO IT, IT IS OUR UNDERSTANDING FROM OUR DISCUSSIONS WITH FRENCH DELEGATION THAT FINANCE SIDE OF SAME MINISTRY HAS YET TO BE PERSUADED.

4. IF ON TUESDAY VALERY OBJECTS TO AD HOC WORKING PARTY OF COUNCIL, WE PROPOSE UNLESS OTHERWISE INSTRUCTED TO SUGGEST THAT CONSULTATION TAKE PLACE IN INVESTMENT COMMITTEE. FACT OF CONSULTATION RATHER THAN LOCUS IS MOST IMPORTANT ELEMENT. THERE MAY BE LOGIC FROM FRENCH POINT OF VIEW IN HAVING INVESTMENT COMMITTEE SEIZED OF QUESTION. IN ANY CASE IT WOULD BE ORGANIZATIONALLY LESS AWKWARD THAN ECONOMIC POLICY COMMITTEE, WHICH WAS FIRST SUGGESTION FRENCH PUT TO US.

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